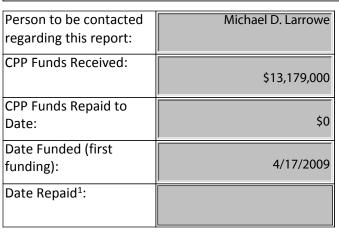
ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

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RSSD:	
(For Bank Holding Companies)	3447398
Holding Company Docket Number:	
(For Thrift Holding Companies)	
FDIC Certificate Number:	
(For Depository Institutions)	34903
City:	Mocksville
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State:	North Carolina

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

Increase lending or reduce lending less	
than otherwise would have occurred.	

¹If repayment was incremental, please enter the most recent repayment date.

	To the extent the funds supported	
	increased lending, please describe the	
	major type of loans, if possible	
	(residential mortgage loans, commercial	
	mortgage loans, small business loans,	
	etc.).	
_	Increase securities purchased (ABS, MBS,	
	etc.).	
	Make other investments	
X	Increase reserves for non-performing	The TARP investment provided the Company and Bank with sufficient capital to support additional
	assets	reserves recorded on foreclosed properties of approximately \$1.1 million. The TARP investment also
		provided capital to support additional provisions for loan losses of approximately \$4.8 million.

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	Reduce borrowings	
×	Increase charge-offs	The TARP investment provided the Company and Bank with sufficient capital to support approximately \$3.6 million of net charge-off's occurring during the period of that investment in 2009.
	Purchase another financial institution or purchase assets from another financial institution	
X	Held as non-leveraged increase to total capital	As of December 31, 2009, the Company has retained approximately \$2 million to be available as future additions to capital of the Bank.

	What actions were you able to avoid because of the capital infusion of CPP funds?			
	Because more aggregate capital was available, the Company did not have to limit the size of the Bank to the extent that would have been required absent the TARP investment.			
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Because of the availability of capital provided under the TARP program, we were able to avoid dram	atic reductions in our customer consist
because of the availability of capital provided under the TARP program, we were able to avoid dram offerings, and as a result, have not been forced to reduce employment rolls significantly.	acic reductions in our customer service

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.			

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.